

# **EXECUTIVE COUNCIL OF IOWA AGENDA**

**State Capitol - Robert D. Ray Conference Room (G09) 10:00 a.m.**

**SEPTEMBER 29, 2014**

1. Approval of minutes of meeting held September 22, 2014
2. Outside Counsel – Page 1  
TAB # 1
3. Outside CPA Firm - Page 1  
TAB # 2
4. Iowa Code §7D.10 – Page 1  
TAB # 3
5. Payment of Cost Items – Page 1
6. Information Items – Page 2  
TAB #'s 4 and 5

**2. Outside Counsel**

- A. The Department of Justice, Attorney General's office requests retention of outside counsel pursuant to Iowa Code section 13.3(1) in Jeffrey Tomlinson v. State of Iowa and Second Injury Fund of Iowa, a workers' compensation case filed by a state employee.

Firm: Patterson Law Firm, L.L.P.  
Attorney: Ryan Clark  
505 5<sup>th</sup> Avenue  
Suite 729  
Des Moines, Iowa 50309  
Rate: \$120.00 per hour

**TAB # 1**

**3. Outside CPA Firm**

- A. Request from Mary Mosiman, Auditor of State to employ the services of outside CPA firms to perform the periodic examinations for the cities listed below for the period ending June 30, 2014

Firm:	Cities:	Amount
Faller, Kincheloe	Birmingham, Eddyville, Olds, Packwood, What Cheer	\$15,000
Faller, Kincheloe	Barnum, Knierim, Lawton, Paton, Somers	\$15,000
Faller, Kincheloe	Bristow, Dumont, Hardy, Keystone, Van Horne	\$19,000
Muxfeldt Associates	Battle Creek, Buck Grove, Persia, Silver City, Tabor	\$15,600
Martin P. Brown, CPA	Donnellson, Farmington, Low Moor, Milton, Princeton	\$13,615

**TAB # 2**

**4. Iowa Code §7D.10**

Attorney General's office request Payment for Expenses under Iowa Code §7D.10 in the amount of \$6,125.00 for expert fees and costs in Missouri v. Harris challenging the constitutionality of AB1437.

**TAB # 3**

**5. Payment of Cost Items**

- A. Nyemaster Goode P.C.....\$1,388.01  
700 Walnut Street  
Suite 1600  
Des Moines, IA 50309  
Collections of Accounts in Court

Jeffrey S. Thompson, Solicitor General, has reviewed these invoices and recommends payment; some of the costs were from previous fiscal year so the Economic Development Authority will need to submit \$541.00 of the total to the State Appeal Board for approval.

**6. Information Items**

Executive Council of Iowa Financial Report June 30, 2013

Executive Council of Iowa August 22, 2014 Audit report

**TAB #'s 4 and 5**

THOMAS J. MILLER  
ATTORNEY GENERAL

JEFFREY S. THOMPSON  
SOLICITOR GENERAL



Iowa Department of Justice

EXECUTIVE COUNCIL

2014 SEP 24 PM 1:09

ADDRESS REPLY TO:  
1305 E. Walnut Street  
Des Moines, IA 50319  
[Jeffrey.Thompson@iowa.gov](mailto:Jeffrey.Thompson@iowa.gov)

Telephone: 515/281-4419  
Fax: 515/281-4209  
[Jeffrey.Thompson@iowa.gov](mailto:Jeffrey.Thompson@iowa.gov)

September 23, 2014

GeorgAnna Madsen  
Executive Secretary  
Executive Council  
State Capitol  
L-O-C-A-L

Re: Retention of Outside Counsel

Dear GeorgAnna:

Our office requests appointment of outside counsel pursuant to Iowa Code section 13.3(1) in *Jeffrey Tomlinson v. State of Iowa and Second Injury Fund of Iowa*, a workers' compensation case filed by a state employee. Because the resolution of this claim may turn on whether the State of Iowa or the Second Injury Fund must pay workers' compensation benefits, our office cannot represent both defendants.

In order to avoid a conflict of interest, the Special Litigation Division has contacted Ryan Clark of the Patterson Law Firm, L.L.P., 505 5<sup>th</sup> Avenue, Suite 729, Des Moines, Iowa 50309-2390, to represent the Second Injury Fund. Mr. Clark has agreed to represent the Second Injury Fund at the rate of \$120.00 per hour. Our office will represent the State of Iowa.

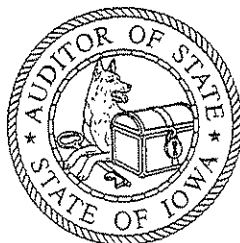
Accordingly, we request Executive Council approval to retain Mr. Clark to represent the Second Injury Fund in this case.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey S. Thompson", is written over a horizontal line.

JEFFREY S. THOMPSON  
Solicitor General

cc: Julie Burger



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004  
Telephone (515) 281-5834 Facsimile (515) 242-6134

September 23, 2014

EXECUTIVE COUNCIL  
2014 SEP 25 AM 8:21

GeorgAnna Madsen, Secretary  
Executive Council of Iowa  
State Capitol Building  
LOCAL

Dear GeorgAnna:

I respectfully request permission of the Executive Council to employ the services of the following CPA firms to perform the periodic examinations for the cities listed below for the period ending June 30, 2014 as required in Chapter 11 of the Code of Iowa.

<u>Firm Name</u>	<u>Cities Included in Agreement</u>	<u>Cost</u>
Faller, Kincheloe	Birmingham, Eddyville, Olds, Packwood, What Cheer	\$ 15,000
Faller, Kincheloe	Barnum, Knierim, Lawton, Paton, Somers	15,000
Faller, Kincheloe	Bristow, Dumont, Hardy, Keystone, Van Horne	19,000
Muxfeldt Associates	Battle Creek, Buck Grove, Persia, Silver City, Tabor	15,600
Martin P. Brown, CPA	Donnellson, Farmington, Low Moor, Milton, Princeton	13,615
	Total	<u>\$ 78,215</u>

The total reimbursement for the periodic examinations shall not be for more than \$78,215. A copy of the proposed Agreements are attached.

Your assistance in this matter is greatly appreciated.

Sincerely,

*Mary Mosiman*

Mary Mosiman

MM/gp  
Attachment

THOMAS J. MILLER  
ATTORNEY GENERAL

EXECUTIVE COUNCIL  
2014 SEP 24 PM 1:10



JEFFREY S. THOMPSON  
SOLICITOR GENERAL

Iowa Department of Justice

ADDRESS REPLY TO:  
1305 E. Walnut Street  
Des Moines, IA 50319  
[www.iowaAttorneyGeneral.org](http://www.iowaAttorneyGeneral.org)

Telephone: 515/281-4419  
Fax: 515/281-4209  
[Jeffrey.Thompson@iowa.gov](mailto:Jeffrey.Thompson@iowa.gov)

September 23, 2014

GeorgAnna Madsen  
Executive Secretary  
Executive Council  
State Capitol  
LOCAL

Re: Payment of Claims for Fees by Outside Counsel

Dear GeorgAnna:

Our office is forwarding to the Executive Council approval for payment of expert fees and costs from Professor James Kliebenstein in the amount of \$6,125.00 in *Missouri v. Harris*, a case filed in the U.S. District Court for the Eastern District of California, Fresno Division, challenging the constitutionality of AB1437.

The amount of the claim appears to be reasonable. We have reviewed both the bill and the Services Agreement and recommend payment. Pursuant to the terms of our agreement, payment of fees and costs will be made from the General Fund.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey S. Thompson", with a long horizontal flourish extending to the right.

JEFFREY S. THOMPSON  
Solicitor General

# Executive Council of Iowa

Financial Report  
June 30, 2013

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## Independent Auditor's Report

To the Members of the Executive Council of Iowa  
Des Moines, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Executive Council of Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Executive Council of Iowa's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Executive Council of Iowa's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Executive Council of Iowa's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Executive Council of Iowa, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As described in Note 1, the financial statements of the Executive Council of Iowa are intended to present the financial position and changes in financial position of only that portion of the General Fund and governmental activities of the State of Iowa that are attributable to the transactions of the Executive Council of Iowa. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2013, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 and 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Executive Council of Iowa's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2014 on our consideration of the Executive Council of Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Executive Council of Iowa's internal control over financial reporting and compliance.

*McGladrey LLP*

Des Moines, Iowa  
August 22, 2014

## **Executive Council of Iowa**

### **Management's Discussion and Analysis Year Ended June 30, 2013**

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The Executive Council of Iowa (the Council) provides this Management's Discussion and Analysis of the Council's annual financial statements. This narrative overview and analysis of the financial activities of the Council is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the Council's financial statements, which follow this section.

#### **Financial Highlights**

The appropriation to the Council was \$21,636,346 more for fiscal year 2013 than for fiscal year 2012. The increase is due to an increase in approved performance of duty allocations for repairing, rebuilding or restoring state property due to fire, storm, theft or other unavoidable causes under the provisions of Chapter 29C.20 of the Code of Iowa.

#### **Using this Annual Report**

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements consist of a series of financial statements. The governmental fund's Balance Sheet/Statement of Net Position and the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities combine two sets of financial statements to compare information from a fund perspective with information about the activities of the Council as a whole with a longer-term view of the Council's finances. These basic financial statements also include the Notes to Financial Statements that explain some of the information in the financial statements and provide more detail.

#### **Reporting the Council**

The governmental fund's Balance Sheet/Statement of Net Position and the Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities report information of the Council as a whole and its activities. These statements include the General Fund reported on a modified accrual basis of accounting with adjustments to report all assets, liabilities and activities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

The Statement of Net Position presents all of the Council's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in the Council's net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The Statement of Activities presents information showing how the Council's net position changed during the fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result from cash flows until future years.

## Executive Council of Iowa

### Management's Discussion and Analysis Year Ended June 30, 2013

#### Financial Analysis of the Statement of Net Position and the Statement of Activities

The Council had a total net position of \$4,977,605 at June 30, 2013. Total assets decreased \$7,239,495, primarily due to a decrease in unexpended appropriations.

Council's Net Position		
	2013	2012
Assets:		
Unexpended appropriations	\$ 4,752,180	\$ 11,962,362
Due from other governments	225,425	254,738
<b>Total assets</b>	<b>\$ 4,977,605</b>	<b>\$ 12,217,100</b>
 Total net position, restricted for disaster aid	 \$ 4,977,605	 \$ 12,217,100

Council's Changes in Net Position		
	2013	2012
Total revenues	\$ 30,632,580	\$ 8,996,234
Total expenses	37,872,075	11,178,060
<b>Change in net position</b>	<b>(7,239,495)</b>	<b>(2,181,826)</b>
 Net position beginning of year	 12,217,100	 14,398,926
Net position end of year	\$ 4,977,605	\$ 12,217,100

#### Contacting the Council's Financial Management

This financial report is designed to present users with a general overview of the Council's finances and to demonstrate the Council's accountability for funds received and expended. If you have questions about the report or need additional financial information, please contact the Office of the State Treasurer, State Capitol Building, Des Moines, Iowa 50319.

Executive Council of Iowa

Governmental Fund Balance Sheet/Statement of Net Position  
June 30, 2013

	General Fund Balance Sheet	Adjustments	Statement of Net Position
Assets:			
Unexpended appropriations	\$ 4,752,180	\$ -	\$ 4,752,180
Due from other governments	225,425	-	225,425
<b>Total assets</b>	<b>\$ 4,977,605</b>	<b>\$ -</b>	<b>\$ 4,977,605</b>
Fund balance, restricted for disaster aid	<u>\$ 4,977,605</u>	\$ (4,977,605)	\$ -
Net position, restricted for disaster aid		4,977,605	4,977,605
<b>Total net position</b>		<u>\$ -</u>	<u>\$ 4,977,605</u>

See Notes to Financial Statements.

Executive Council of Iowa

Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/  
Statement of Activities  
Year Ended June 30, 2013

	General Fund Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
General revenues, state appropriations	\$ 30,632,580	\$ -	\$ 30,632,580
Expenditures/expenses:			
Current:			
Administration and regulation:			
Professional and scientific	577,008	-	577,008
Performance of duty	37,019,268	-	37,019,268
Disaster aid loan repayments reverted	29,313	-	29,313
Other reversions	246,486	-	246,486
<b>Total expenditures/expenses</b>	<b>37,872,075</b>	<b>-</b>	<b>37,872,075</b>
<b>Net change in fund balance/ Net position</b>	<b>(7,239,495)</b>	<b>-</b>	<b>(7,239,495)</b>
Fund balance/Net position beginning of year	12,217,100	-	12,217,100
Fund balance/Net position end of year	<u>\$ 4,977,605</u>	<u>\$ -</u>	<u>\$ 4,977,605</u>

See Notes to Financial Statements.

## Executive Council of Iowa

### Notes to Financial Statements

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#### Note 1. Reporting Entity, Significant Accounting Policies and Measurement Focus and Basis of Accounting

##### Reporting entity:

The Executive Council of Iowa (the Council) was organized by the adoption of the Code of Iowa of 1860. The duties of the Council, detailed in Chapter 7D and various other chapters of the Code of Iowa, include: acting on State of Iowa (the State) activities, as assigned to the Council by the Code and notifying all interested persons of action taken thereon; determining the value at which property may be taken by Iowa corporations and the amount of stock which may be issued on account thereof; approving articles of incorporation and bylaws of building and loan associations and planning liquidation of said associations; authorizing department leases; authorizing and paying special assessments; authorizing and paying court costs and special attorney fees; authorizing condemnation proceedings; approving bank depositories of public funds; and canvassing votes cast for State and district officers. The Council consists of five members: the Governor, Secretary of State, Auditor of State, Treasurer of State and Secretary of Agriculture. The Council appoints a secretary to carry out the duties of the Council. The Council is considered an integral part of the State's reporting entity. The accompanying financial statements present only that portion of the General Fund of the State which is attributable to the transactions of the Council.

##### Significant accounting policies:

The accounting and reporting policies of the Council included in the accompanying financial statements conform to U.S. generally accepted accounting principles (GAAP) applicable to state and local governments. The following represents the significant accounting and reporting policies and practices used by the Council.

Office-wide and fund financial statements: The financial statements combine both an office-wide perspective and a governmental fund perspective.

The General Fund comprises the Council's governmental fund type. This fund is the general operating fund of the Council and the difference between assets and liabilities of the fund are referred to as "fund balance."

The office-wide financial statements, the Governmental Fund Balance Sheet/Statement of Net Position and the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities, report information on all the activities of the Council. Governmental activities are those that normally are supported by taxes and intergovernmental revenues.

The Council adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, in the current year. The adoption of this Statement changed the presentation of the basic financial statements to a statement of net position format.



## Executive Council of Iowa

### Notes to Financial Statements

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#### **Note 1. Reporting Entity, Significant Accounting Policies and Measurement Focus and Basis of Accounting (Continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or segment. The Council does not have program revenues. Taxes and other items not included among program revenues are reported instead as general revenues.

#### **Measurement focus and basis of accounting:**

The office-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Council considers revenues to be available if they are collected or appropriated within 60 days of the end of the fiscal year. Appropriations received within 60 days after year-end for events that occurred prior to year-end are included in revenues for the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Unexpended appropriations: Unexpended appropriations represent appropriations set-aside for a specific purpose by State law. These unexpended appropriations are carried forward to future periods until expended or the Council determines the appropriation is not needed, at which time the remainder is reverted to the State.

Budgetary control: Budgetary control is exercised over the Council through the budgetary process prescribed in Chapter 8 of the Code of Iowa. Each department of the State prepares estimates of expenditures and income for the fiscal year. These estimates are transmitted to the Department of Management for its review before submitting a tentative budget to the Governor. After holding public hearings, the Governor prepares and transmits the budget to the State Legislature. The State Legislature appropriates funds to the various departments based on the budget as adjusted through the appropriation process. No obligation can be incurred subsequent to June 30 for which an appropriation is made. On August 31, following the close of each fiscal year, the Council determines which appropriations are not needed and those unencumbered or unobligated balances of appropriations revert to the State Treasury and to the credit of the fund from which the appropriations were made. The final amounts appropriated are not identified by budget categories and unexpended appropriations revert to the Treasurer of State. Thus, the Statement of Revenues, Expenditures and Changes in Fund Balance in this report does not contain a comparison of budgeted to actual revenue and expenditures.

## Executive Council of Iowa

### Notes to Financial Statements

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#### Note 1. Reporting Entity, Significant Accounting Policies and Measurement Focus and Basis of Accounting (Continued)

Fund balance: In the governmental fund financial statements, fund balances are classified and reported in categories which describe the extent to which certain resources may be spent. Resources are categorized as spendable or non-spendable.

Spendable fund balances include resources that are in spendable form (e.g. cash) and are available for spending. The spendable fund balance of the Council is further classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

The fund balance restricted at June 30, 2013 consists of \$4,977,605 for disaster aid loans and specific projects of the performance of duty account as appropriated.

Net position: Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation consists of \$4,977,605 for disaster aid loans and specific projects of the performance of duty account as appropriated.

The Council first applies restricted resources when an expenditure/expense is incurred for purposes for which both restricted and unrestricted fund balance/net position is available.

#### Note 2. Officials

The following is a summary of officials as of June 30, 2013:

Name	Title
Executive Council Members:	
Honorable Terry E. Branstad	Governor
Honorable Matt Schultz	Secretary of State
Honorable Mary Mosiman	Auditor of State
Honorable Michael L. Fitzgerald	Treasurer of State
Honorable William H. Northey	Secretary of Agriculture

#### Secretary:

GeorgAnna Madsen

Executive Council of Iowa

Notes to Financial Statements

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**Note 3. Due from Other Governments**

Due from other governments consists of outstanding disaster aid loans to certain governmental subdivisions (i.e., cities and counties in Iowa). Amounts due from other governments in connection with single disaster loans as of June 30, 2013 are as follows:

City of Volga	\$ 23,625
City of Dunkerton	15,000
City of Eldora	<u>186,800</u>
<b>Total</b>	<u><u>\$ 225,425</u></u>

Executive Council of Iowa

Combining Schedule of Revenues, Expenditures and Changes  
in Fund Balance/Statement of Activities  
Year Ended June 30, 2013

	Drainage Assessments	Court Costs	Performance of Duty	Total
General revenues, state appropriations	\$ 67,379	\$ 509,629	\$ 30,055,572	\$ 30,632,580
Expenditures/expenses:				
Current:				
Administration and regulation:				
Professional and scientific	67,379	509,629	-	577,008
Performance of duty	-	-	37,019,268	37,019,268
Disaster aid loan repayments reverted	-	-	29,313	29,313
Other reversions	-	-	246,486	246,486
<b>Total expenditures/ expenses</b>	<b>67,379</b>	<b>509,629</b>	<b>37,295,067</b>	<b>37,872,075</b>
<b>Net change in fund balance/Net position</b>	<b>-</b>	<b>-</b>	<b>(7,239,495)</b>	<b>(7,239,495)</b>
Fund balance/Net position beginning of year	-	-	12,217,100	12,217,100
Fund balance/Net position end of year	\$ -	\$ -	\$ 4,977,605	\$ 4,977,605

Executive Council of Iowa

Schedule of Changes in Due From Other Governments - Disaster Aid Loans to  
Governmental Subdivisions - Performance of Duty Account  
Year Ended June 30, 2013

Subdivision	Date of Loan	Original Amount	Balance July 1, 2012	Loans Disbursed	Payments Received	Balance June 30, 2013
City of Volga	7/07/00	\$ 112,500	\$ 35,438	\$ -	\$ 11,813	\$ 23,625
City of Dunkerton	11/22/00	93,347	22,500	-	7,500	15,000
City of Eldora	8/25/10	196,800	196,800	-	10,000	186,800
Total		\$ 402,647	\$ 254,738	\$ -	\$ 29,313	\$ 225,425

Executive Council of Iowa

Schedule of Results of Operations and Changes in Account Balances by Allocation -  
Performance of Duty Account  
Year Ended June 30, 2013

	Account Balance July 1, 2012	Revenues	Expenditures	Reversions	Account Balance June 30, 2013
2006-2007:					
HSEMD - 2007 Severe Winter Storms	\$ 57,595	\$ -	\$ -	\$ -	\$ 57,595
HSEMD - 2007 Severe Winter Storms	70,892	-	-	-	70,892
HSEMD - 2007 Severe Storms/Tornadoes/ Flooding	925,230	-	-	-	925,230
2007-2008:					
DHS - Cherokee Water Damage	72,801	-	-	-	72,801
HSEMD - 2007 Severe Storms and Flooding	543,569	-	-	-	543,569
HSEMD - 2007 Severe Winter Storms	396,788	-	-	-	396,788
HSEMD - 2008 Severe Storms/Tornadoes/ Flooding	8,060,750	16,109,476	(24,170,226)	-	-
2008-2009:					
ICN - Flood Damage Cedar Rapids Schools	51,964	-	-	(51,964)	-
ICN - Flood Damage Linn County Federal Courthouse	75,879	-	-	(75,879)	-
2009-2010:					
DAS - Eldora State Training School Storm Damage	58,221	-	(33,220)	-	25,001
DNR - Brushy Creek Hail Damage	4,140	-	-	-	4,140
DNR - Pine Lake State Park Hail and Storm Damage	78,375	-	(50,313)	(28,062)	-
2010-2011:					
DNR - Flooding Damage to Several Iowa State Parks	134,171	-	(33,457)	-	100,714
DPS - Hail Damage to Vehicles	3,976	-	(900)	(3,076)	-
DPS - Hail Damage to Vehicles	16,510	-	(4,847)	(11,663)	-
DPS - Hail Damage to Vehicles	6,318	-	-	(6,318)	-
DPS - Hail Damage to Vehicles	3,095	-	(3,000)	(95)	-
ICN - Equipment Damage Burlington	16,195	-	-	(16,195)	-
ICN - Fiber Optic Cable Damage in Jasper County	22,086	-	-	-	22,086
HSEMD - 2009 Severe Storms	-	214,255	(214,255)	-	-
HSEMD - 2009 Severe Winter Storms	-	129,913	(129,913)	-	-
HSEMD - 2010 Severe Winter Storms	-	3,434,063	(3,434,063)	-	-
HSEMD - 2009 Severe Storms	-	118,633	(118,633)	-	-
HSEMD - 2010 Severe Storms/Tornadoes/ Flooding	-	2,089,098	(2,089,098)	-	-
HSEMD - 2011 Severe Storms/Tornadoes/ Flooding	-	312,041	(312,041)	-	-
HSEMD - 2011 Missouri River Flooding	-	2,733,404	(2,733,404)	-	-
<b>Subtotal forward</b>	<b>10,598,555</b>	<b>25,140,883</b>	<b>(33,327,370)</b>	<b>(193,252)</b>	<b>2,218,816</b>

(Continued)

Executive Council of Iowa

Schedule of Results of Operations and Changes in Account Balances by Allocation -  
Performance of Duty Account (Continued)  
Year Ended June 30, 2013

	Account Balance July 1, 2012	Revenues	Expenditures	Reversions	Account Balance June 30, 2013
<b>Subtotal forwarded</b>	10,598,555	25,140,883	(33,327,370)	(193,252)	2,218,816
2011-2012:					
DHS - Cherokee Mental Health Institute Storm Damage	12,000	-	(10,518)	(1,482)	-
DHS - Storm Damage to Glenwood Resource Center	335,610	-	(308,159)	(27,451)	-
DNR - Damage to State Park Trails Office	5,385	-	-	-	5,385
DNR - Fire Damage at State Parks Trails Office	498,233	-	(91,470)	-	406,763
DNR - Flooding Damage to Brushy Creek State Park	40,000	-	-	-	40,000
DNR - Storm Damage at Lake of Three Fires State Park	34,473	-	(34,473)	-	-
DNR - Storm Damage at Viking Lake State Park	129,984	-	(129,984)	-	-
DNR - Storm Damage at Wapsipinicon State Park	15,561	-	-	-	15,561
DNR - Union Grove State Park Storm Damage	40,950	22,950	(63,900)	-	-
DPS - Hail Damage to Vehicles and State Radio	123,646	-	(81,100)	-	42,546
DPS - Hail Damage to Vehicles	6,740	-	(2,824)	(3,916)	-
DPS - Hail Damage to Vehicles	4,515	-	(2,074)	(650)	1,791
ICN - Fiber Optic Cable Damage in Cerro Gordo County	6,832	-	(4,779)	(2,053)	-
ICN - Fiber Optic Cable Damage in Delaware County	10,370	598	(10,968)	-	-
ICN - Fiber Optic Cable Damage in Hancock County	13,983	-	(10,028)	(3,955)	-
ICN - Fiber Optic Cable damage in Johnson County	10,499	-	(8,831)	(1,668)	-
ICN - Fiber Optic Cable Damage at Little Turkey River	10,219	-	-	-	10,219
ICN - Fiber Optic Cable Damage in Lucas County	17,757	-	-	-	17,757
ICN - Fiber Optic Cable Damage in Shelby County	6,372	230	(6,602)	-	-
ICN - Fiber Optic Cable Damage Wapello County	11,416	-	(9,977)	(1,439)	-
ISF - Fire Damage to State Fair Warehouse	29,262	27,760	(57,022)	-	-
HSEMD - 2011 Severe Storms/Straight-Line Winds/Flooding	-	423,315	(423,315)	-	-
HSEMD - 2011 Severe Storms & Flooding	-	279,351	(279,351)	-	-
<b>Subtotal forward</b>	11,962,362	25,895,087	(34,862,745)	(235,866)	2,758,838

(Continued)

Executive Council of Iowa

Schedule of Results of Operations and Changes in Account Balances by Allocation -  
Performance of Duty Account (Continued)  
Year Ended June 30, 2013

	Account Balance July 1, 2012	Revenues	Expenditures	Reversions	Account Balance June 30, 2013
Subtotal forwarded	11,962,362	25,895,087	(34,862,745)	(235,866)	2,758,838
2012-2013:					
ICN - Fiber Optic Cable Damage in Jefferson County	-	11,257	(10,378)	(879)	-
ICN - Fiber Optic Cable Damage in Marion County	-	9,440	(9,440)	-	-
ISF - Fire Damage to Ticket Booth	-	10,935	-	-	10,935
DPS - Storm Damage to Vehicles and Terrace Hill	-	11,372	(5,828)	(5,544)	-
DPS - Hail Damage to Vehicles	-	4,197	-	(4,197)	-
DOC - Fire Damage at Anamosa State Penitentiary	-	75,326	(17,798)	-	57,528
DNR - Heavy Rain Damage to Mines of Spain State Recreation Area	-	48,975	-	-	48,975
DHS - Severe Storms	-	500,000	(500,000)	-	-
DHS - Severe Storms	-	1,400,000	(1,400,000)	-	-
DHS - Lightening Damage at Cherokee Mental Health	-	124,575	(124,575)	-	-
DOCA - Damage to Equipment	-	2,517	-	-	2,517
DAS - Water Damage at Iowa Building	-	2,751	-	-	2,751
HSEMD - 2013 Severe Winter Storms	-	563,314	-	-	563,314
HSEMD - 2013 Severe Storms/Winds/Flooding	-	455,431	-	-	455,431
HSEMD - 2013 Severe Storms/Tornadoes/ Flooding	-	940,395	(88,504)	-	851,891
Disaster Aid Loans:					
City of Dunkerton	22,500	-	-	(7,500)	15,000
City of Eldora	196,800	-	-	(10,000)	186,800
City of Volga	35,438	-	-	(11,813)	23,625
Total	\$ 12,217,100	\$ 30,055,572	\$ (37,019,268)	\$ (275,799)	\$ 4,977,605



# Executive Council of Iowa

Report to the Members of the Executive Council  
August 22, 2014



August 22, 2014

To the Members of the Executive Council of Iowa  
Des Moines, Iowa

We are pleased to present this report related to our audit of the financial statements of the Executive Council of Iowa for the year ended June 30, 2013. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Executive Council of Iowa's financial reporting process.

This report is intended solely for the information and use of the Executive Council of Iowa and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Executive Council of Iowa.

*McGladrey LLP*

## Contents

<b>Required Communications .....</b>	<b>1 – 2</b>
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**Exhibit A – Significant Written Communications between Management and Our Firm**

Representation Letter

**Exhibit B – Report on Internal Control over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

## Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<b>Our Responsibilities With Regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States have been described to you in our arrangement letter dated October 21, 2013.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
<b>Accounting Policies and Practices</b>	<p><b>Adoption of, or Change in, Accounting Policies</b>  Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Executive Council of Iowa. In the current year, the Executive Council of Iowa adopted the following Governmental Accounting Standards Board (GASB) Statement:</p> <ul style="list-style-type: none"> <li>GASB Statement No. 63, <i>Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position</i>. The Adoption had no significant impact on the Executive Council of Iowa's financial statements.</li> </ul> <p><b>Significant or Unusual Transactions</b>  We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Alternative Treatments Discussed with Management</b>  We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.</p>
<b>Audit Adjustments</b>	There was one audit adjustment made to the original trial balance presented to us to begin our audit. This adjustment was related to an unposted prior year audit adjustment and decreased unexpended appropriations and net position by \$7,130,816.
<b>Disagreements With Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.
<b>Consultations With Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Area	Comments
<b>Significant Issues Discussed With Management</b>	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit.
<b>Accounting Policies and Practices</b>	Management has determined GASB Statement Nos. 65, 66, 67, 68, 69 and 70 will not have a material effect on the financial statements and has chosen not to disclose these Statements in the financial statements.
<b>Significant Written Communications Between Management and Our Firm</b>	Copies of significant written communications between our firm and the management of the Executive Council of Iowa, including the representation letter provided to us by management, are attached as Exhibit A.
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters</b>	The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> is attached as Exhibit B.

**Exhibit A—Significant Written Communications between Management  
and Our Firm**



MEMBERS OF COUNCIL

HON. TERRY E. BRANSTAD  
GOVERNOR

HON. MATT SCHULTZ  
SECRETARY OF STATE

HON. MARY MOSIMAN  
AUDITOR OF STATE

HON. MICHAEL L. FITZGERALD  
TREASURER OF STATE

HON. WILLIAM H. NORTHEY  
SECRETARY OF AGRICULTURE  
August 22, 2014

## Executive Council of Iowa

CAPITOL BUILDING  
DES MOINES, IOWA 50319

PHONE: 515 281-5368  
FAX: 515 281-7562

McGladrey LLP  
400 Locust Street, Suite 640  
Des Moines, Iowa 50309

This representation letter is provided in connection with your audit of the financial statements of the governmental activities and the General Fund of the Executive Council of Iowa, as of and for the year ended June 30, 2013, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of August 22, 2014, the following representations made to you during your audit:

### *Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated October 21, 2013, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Related-party transactions, including those with the primary government having accountability for the Executive Council of Iowa, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
5. There are no events subsequent to the date of the financial statements for which U.S. GAAP requires adjustment or disclosure.
6. There are no known actual or possible litigation or claims to be accounted for and disclosed in accordance with U.S. GAAP.
7. We believe the adoption of GASB Statement No. 63 is appropriate.

8. We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities.
9. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made to reduce receivables to their estimated net collectable amounts.
10. There are no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
  - c. Other material liabilities or gain or loss contingencies required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification.
  - d. Guarantees, whether written or oral, under which the Council is contingently liable.
  - e. Lines of credit or similar arrangements.
  - f. Agreements to repurchase assets previously sold.
  - g. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - h. Leases or material amounts of rental obligations under long-term leases.
  - i. Significant estimates or material concentrations known to management which are required to be disclosed.
  - j. Derivative financial instruments.
  - k. New accounting pronouncements that will have a material effect on the Council. In that regard, disclosure of GASB Statement Nos. 65, 66, 67, 68, 69 and 70 are not applicable.
  - l. Special or extraordinary items.
  - m. Capital assets.
  - n. Risk retention.
  - o. Pension obligations, postretirement benefits other than pensions or deferred compensation agreements attributable to employee services rendered through June 30, 2013.
  - p. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
  - q. Cash, investments or deposits.



11. We are not aware of any pending or threatened litigation, claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with Statement of Financial Accounting Standards No.5 and/or GASB Statement No. 10 and we have not consulted a lawyer concerning litigation claims or assessments.
12. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
13. We have satisfactory title to all owned assets.
14. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
15. Net position (restricted and unrestricted) and fund balances are properly classified and, when applicable, approved.
16. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the Statement of Activities and allocations have been made on a reasonable basis.
17. Revenues are appropriately classified in the Statement of Activities within program revenues and general revenues.
18. We have no knowledge of any uncorrected misstatements in the financial statements.

*Information Provided*

19. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters.
  - b. Additional information you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Executive Council of Iowa from whom you determined it necessary to obtain audit evidence.
20. All transactions have been recorded in the accounting records and are reflected in the financial statements.
21. We have disclosed to you the results of our assessment of risk the financial statements may be materially misstated as a result of fraud.
22. We have no knowledge of allegations of fraud or suspected fraud affecting the Executive Council of Iowa's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
23. We have no knowledge of any allegations of fraud or suspected fraud affecting the Executive Council of Iowa's financial statements received in communications from employees, former employees, analysts, regulators or others.
24. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing the financial statements.

25. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
26. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Executive Council of Iowa's ability to record, process, summarize and report financial data.
27. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
28. With respect to supplementary information presented in relation to the financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior year.
  - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
29. With respect to the Management's Discussion and Analysis presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
  - a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior year.

*Compliance Considerations*

30. In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm:
  - a. We are responsible for:
    - i. Compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Executive Council of Iowa.
    - ii. Establishing and maintaining effective internal control over financial reporting.
  - b. We have identified and disclosed to you:
    - i. All laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.

- ii. There are no violations (and possible violations) of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on compliance.
- c. We have a process to track the status of audit findings and recommendations.
- 31. Stefanie Devin, Deputy Treasurer, who has sufficient skills, knowledge and experience, has supervised, reviewed and approved and we take full responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.
- 32. Stefanie Devin, Deputy Treasurer, who has sufficient skills, knowledge and experience, has supervised, reviewed and approved and we take full responsibility for all adjustments and acknowledge the auditor's role in the preparation of the adjustments.
- 33. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

The Executive Council of Iowa



Stefanie Devin, Deputy Treasurer



Luke Donahe, State Treasurer's Office

**Exhibit B— Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing  
Standards***



**Report on Internal Control Over  
Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

**Independent Auditor's Report**

To the Members of the Executive Council of Iowa  
Des Moines, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Executive Council of Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated August 22, 2014. Our report was modified to describe the reporting entity is only that portion of the General Fund of the State of Iowa attributable to the transactions of the Executive Council of Iowa.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Executive Council of Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Executive Council of Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the Executive Council of Iowa's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Executive Council of Iowa's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

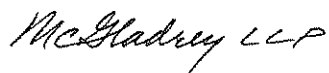
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Executive Council of Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Executive Council of Iowa's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Executive Council of Iowa's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "McGladrey LLP".

Des Moines, Iowa  
August 22, 2014